



GUJARAT GAS

GGL\C&M\2019-20\035

August 16, 2019

To,

Ms Vandana Sharma,

Secretary,

Petroleum and Natural Gas Regulatory Board ("PNGRB/Board"),

1st Floor, World Trade Centre,

Babar Road,

New Delhi – 110001

Sub.: Comments/ views on application submitted by M/s Shree Shakti Metal Rolling Mill for laying, building and operating 3.5 km of MDPE dedicated natural gas pipeline from ONGC GGS Gamij to M/s Shree Shakti Metal Rolling Mill, Village Palla Na Math, Taluka- Dehgam, District- Gandhinagar, Gujarat for their manufacturing plant under Regulations 19(2) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

Ref.: 1) PNGRB Public Notice dated August 02, 2019

2) PNGRB Public Notice dated February 08, 2019

Dear Madam,

Gujarat Gas Limited ("GGL") has always been appreciative of the disciplined mechanism followed by the Honourable Board through the public consultation process involving all stakeholders for the development and sustenance of a robust downstream gas industry.

With reference to the Public Notice webhosted by the PNGRB vide reference #1 seeking comments on the application made by M/s Shree Shakti Metal Rolling Mill for laying, building and operating 3.5 km of MDPE dedicated natural gas pipeline from ONGC GGS Gamij to Shree Shakti Metal Rolling Mill, Village Palla Na Math, Taluka-Dehgam, District- Gandhinagar, Gujarat for their manufacturing plant, under the provisions of Regulations 19(2) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines)

GUJARAT GAS LIMITED (A GSPC Group Company – Government of Gujarat Undertaking) (Formerly known as GSPC Distribution Networks Limited)

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Regulations, 2008 (“**NG Pipeline Authorization Regulation**”), GGL hereby submits its views for your kind consideration:

1. As per sub regulation (2) of Regulation 3 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, M/s Shree Shakti Metal Rolling Mill’s requirement does not exceed 50,000 SCMD and therefore by virtue of the provisions of law it becomes a potential City or Local Natural Gas Distribution Network (“**CGD**”) customer.
2. Regulation 3 of the PNGRB CGD Authorisation Regulation was amended in April 2018 whereby a proviso has been added to the same, which makes the intent and purport of the said Regulation clear that a customer having requirement of less than 50,000 SCM per day of gas can avail supply from an alternate source only until the customer is not connected to a CGD Network and once the customer is connected to a CGD Network, it is a must for the customer to cease supply from the alternate source.

The proviso reads as follows:

"Provided that until CGD Network is ready to supply natural gas to a customer (other than domestic PNG and CNG), such customers shall have right to get the supply of natural gas from any other alternate source or supplier, with prior permission of the Board, and if, once CGD Network is ready to supply natural gas to such customer, then, such customer shall cease to get supply of natural gas from such alternate source or supplier after 30 days of receipt of notice of readiness from the CGD network."

3. Based on the facts/ details provided by M/s Shree Shakti Metal Rolling Mill’s manufacturing plant is located in a GA which is authorized to Sabarmati Gas Limited (“**SGL**”) which is an authorized CGD entity u/r 17(1) of the PNGRB CGD Authorization regulation. In addition to this, the proposed pipeline is an MDPE pipeline, as mentioned in the application submitted by M/s Shree Shakti Metal Rolling Mill to the PNGRB, which should ideally form part of the CGD infrastructure available in that GA/ location.



4. In addition to the above, such demand loads of less than 50,000 SCMD, if allowed to be directly connected to the source of natural gas shall make the CGD business unviable in terms of inequitable CGD demand loads in that particular Geographical Area ("GA").
5. In addition to the above, the design pressure of the proposed dedicated pipeline (MDPE) mentioned in M/s Shree Shakti Metal Rolling Mill's application falls within the pressure limits of the "secondary network" forming a part of the CGD network as specified under clause no (p) of sub- regulation (1) of Regulation 2 of the PNGRB (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulations, 2008.
6. The revered Board shall appreciate the very fact that erosion of such CGD loads leaves the potential/ developing CGD GA bereft of equitable development thereby draining the viability of the CGD project which gives a thrust to the overall development of a viable and equitable CGD project.
7. The proposal in the said Public Notice also does not fall within the framework of Regulation 19(2) of the NG Pipeline Authorization Regulation as the applicant M/s Shree Shakti Metal Rolling Mill is not an "entity" under the PNGRB Act, 2006 but is an end consumer of the gas. Under Regulation 19(2) of the NG Pipeline Authorization Regulation, only proposals from an "entity" can be validly considered. Since M/s Shree Shakti Metal Rolling Mill is not an "entity" under the provisions of the PNGRB Act, its proposal is ultra vires the framework of Regulation 19(2) NGP Authorisation Regulations and cannot be validly considered.
8. It should be further noted that the ability of the consumer to bid for gas directly from ONGC in respect of small/ isolated fields does not result in any negation of the rights vested with the authorized CGD entities and neither does it amount to any exception to the applicable framework under the PNGRB Act and its regulations.
9. It would be imperative to note that if such requests for laying dedicated natural gas pipelines are allowed, the same would only lead to creation of parallel infrastructure and infructuous assets of an already resource starved nation.



GUJARAT GAS

Acceptance of such proposal would further tantamount to circumventing the provisions of law and encourage the drive against development of an **inclusive CGD development**.

10. It is also very important to take cognizance of the fact that the commodity being transported from the source field is a natural gas and handling such commodity is a highly skilled job and requires all kind of safety measures to be adhered to. An authorized CGD entity have technical competency and qualified manpower to look after the said operations which might get compromised in case such dedicated pipelines are being laid by such individual customers.
11. GGL would also like to draw the kind attention of the Honourable Board that apart from the present application submitted by M/s Shree Shakti Metal Rolling Mill, similar applications for laying dedicated pipelines have been submitted by various customers in the past and one such case is of M/s Auraglass Private Limited which was webhosted by the PNGRB vide reference #2. In this regards GGL would like to humbly request the Honourable Board to take a conscious call in order to avoid such application for laying dedicated pipelines in the GAs which are already authorized to a particular CGD entity.

In context to the above mentioned points, GGL would like to place its objection on record to accede to the proposal from M/s Shree Shakti Metal Rolling Mill. Further, allowing such dedicated pipelines circumventing the law to sabotage the development of an equitable CGD would be detrimental and fatal for the growth of CGD sector.

We trust the Honourable Board finds our observations/ views useful for the development of robust downstream industry. We would be happy to provide any further clarifications should they be required by the Board.

Thanking you,

For Gujarat Gas Limited

Maqsood Shaikh

Executive Vice President – Commercial & Marketing